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July 14, 1999

Mary L. Cottrell, Secretary

Department of Telecommunications & Energy

100 Cambridge Street, 12th Floor

Boston, MA 02202

Re: D.T.E. 99-60

Dear Secretary Cottrell:

The Massachusetts Energy Buyers Coalition (AMEBC@) submits the following comments in response to the Department of Telecommunications and Energy (ADTE@) inquiry regarding the pricing and procurement of default service. MEBC is an organization that represents the interests of large energy purchasers as well as individuals and groups who are aggregating their members in order to participate in the competitive energy market in Massachusetts. MEBC=s members include the Massachusetts Health and Educational Facilities Authority, the Massachusetts High Technology Council, the Massachusetts Municipal Association, Massport, the Massachusetts Bay Transportation Authority and the Commonwealth=s Procurement Team for Energy. MEBC=s goal is to help foster and sustain competitive power supply choices and lower costs for all Massachusetts electricity customers.

Although the New England Power Pool (ANEPPOOL@) and ISO New England successfully implemented the competitive market on May 1, 1999, that market is too immature to rely on to set default service prices. In its two months of existence, the market has only seen the peak season of bidding for energy on the open market B a length of time that does not adequately represent the market for energy in New England. As DTE proceeds to develop the rules for pricing and procurement of default service, the MEBC believes that there should be a complete understanding of the changes that will undoubtedly occur in the market over the next several months.

MEBC recommends that default service be offered at the same price as standard offer service until the market becomes further developed after the traditional peak demand and price period that accompanies the summer months. At that time, MEBC suggests that the DTE establish its default service pricing and procurement evaluation to reflect retail market electricity costs. This suggestion is consistent with MEBC=s previous comments on default service pricing. MEBC supported Mass. Electric=s proposal (re: DTE 98-13, filed June 5, 1998) to offer its default service at the same price as the standard offer service.

Furthermore, when default service pricing and procurement is determined, MEBC believes that it is of the utmost importance to carefully consider the rate impact on customers and the definition of a default service customer.

We respectfully urge the DTE to wait until the market is more fully developed and then consider, in detail, a comprehensive strategy for the pricing and procurement of default service and the definition of default service customers.

Thank you for your attention to our request.

Sincerely,

Neil L. Chayet

Massachusetts Energy Buyers Coalition

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